American credit rating on foreign currency debt

2087. SHRI AKHILESH DAS: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn to the recent report of the American Credit Rating Agency Moody's Investors Service upgrading its rating on India's sovereign foreign currency debt, grading it as "Substantial"; and

(b) if so, what are the previous three grading reports of the American Credit Rating Aency, what aspects and criteria are taken into account by the American agency, and the degree of improvement registered on each count which affected the grading of India by the agency?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. Moody's Investors Service upgraded India's country ceiling for foreign currency debt to 'Ba1' from 'Ba2' in February, 2003. The outlook on the 'Ba1' foreign currency debt ceiling was stated to be stable. The following table show the details in respect of last three grading reports of the Agency:

Year	Rating Report on India's country ceiling for foreign currency debt.
August 2001	Ba2 with stable outlook
November 2000	Ba2 with positive outlook
October 1999	Ba2 with positive outlook

While undertaking the review of ratings for the sovereign, the Agency, *inter-alia*, considers issues relating to external liquidity, structural strength, fiscal deficit, status of public debt and public finances etc. In the latest upgradation of the ratings for India's country ceiling for foreign currency debt, the Agency has stated that the principal reason for the upgrade was the substantial improvement in country's external liquidity position. Official foreign reserves have expanded especially rapidly during the past year due to increased merchandise exports, dynamic sales of information

technology services, and large worker's remittances. The last change in the rating outlook for the foreign currency country ceiling was done in August 2001 when it was changed from positive to stable mainly on account of concerns regarding budget deficit, public debt, privatisation etc.

Repayment of loans by Cooperative Societies of Maharashtra

2088. SHRI C.P. THIRUNAVUKKARASU: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that NABARD has requested the State Registrar of Co-operative Societies of Maharashtra demanding a one-time repayment of loans worth Rs. 750 crore from Land Development Banks;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Government of Maharashtra has liquidated the Land Development Banks due to huge losses; and

(d) if so, the steps taken by NABARD to realize the amount from these Banks.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) National Bank for Agriculture and Rural Development (NABARD) has reported that after a study of the financial position of Maharashtra State Cooperative Agriculture and Rural Development Bank (MSCARDB), NABARD, Government of Maharashtra and MSCARDB had entered into a tripartite agreement in March 2002 for repayment of the entire outstanding refinance of Rs. 727.63 crore and the interest thereon to NABARD. In terms of this agreement, in the event of MSCARDB failing to repay the dues to NABARD on the respective due dates, Govt. of Maharashtra would repay as per the repayment schedule. Accordingly, the first instalment of interest due has been received by NABARD on 1st July, 2002 as per the agreement.

(c) and (d) During November, 2002, Government of Maharashtra has issued an interim order for liquidation of MSCARDB and 15 District Land Development Banks. On account of this development, NABARD had approached the State Government for the recovery of its dues. The State